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**Our goal**

At Purtill & Company, we believe our best client is a well-informed client, one who welcomes ideas and challenges us with ideas.  Our strengths are in planning, strategies and actions where we can put our knowhow to work as opposed to the book-and-forms work favored by many accounting firms.  This newsletter is part of that information effort, but it's not the only part.  In addition to this, we want you to feel free to ask us anything.  If it's a quick email, and doesn't require extensive research or effort on part, our policy is to absorb the cost internally.  That will also let us identify bigger opportunities as they emerge.

**<span style="color:red">Your fiscal year is coming to an end...</span>**
Should you close the year in your system right away? Probably not.

That's because in AccountMate, all modules must be in the same fiscal year, either 2012 or 2013. If they are not, AccountMate will not allow you to enter transactions in any module that's in a different year from the general ledger. Therefore, if you close accounts payable, you must also close the GL.

There's no reason not to continue right on, without closing, entering transactions in two years - the new year and the old year - until the right time to close the entire system. So, the closing decision is a judgement call, and the right time to close is based on two factors:

1) If you close right away, and you have additional Accounts Payable invoices to enter for the old year, AccountMate will generate a prior year adjustment for every invoice, adding many unnecessary records in the General Ledger.

2) However, the Balance Sheet for the new year won't be updated until you close the old year.

Our recommendation? Wait a couple of weeks (or more) until you have all the old year transactions entered. You can still enter transactions for both years as long as you want. When you have most of your old year transactions entered, close. Even then, you can continue to enter old year transactions, if necessary. When your financials for the old year are finalized, restrict the periods so people can't go back.

# Year End Closing Overview

**General Ledger**
The Fiscal Year-End Closing function accessed via the Housekeeping menu in the GL module allows users to close the company's current fiscal year in General Ledger and move on to the next.

Unlike the other AccountMate modules (AR, AP, etc.), GL has no period end closings (it only has Fiscal Year-End Closing); it is designed so that all current-year periods are open for posting. AccountMate requires all integrated modules, including GL, to be in the same fiscal year in order to operate. Therefore once a subsidiary module is closed to a new fiscal year, no transactions can be posted to that module until the GL FYE closing has been performed. So, if the user wishes to keep the GL in the current fiscal year, the subsidiary modules must remain in the same fiscal year. However, the next fiscal year posting period restrictions can be opened in the GL module to allow entries to be made to future accounting periods.

The user should close the fiscal year for all subsidiary modules first, just before GL is closed, so that all subsidiary modules transfer their data for the last period to General Ledger. After the user closes all subsidiary modules (advancing them to the new fiscal year), the user should immediately perform fiscal year-end closing in General Ledger, so that transactions can be posted to the first period of the new year in the subsidiary modules. Since the accounting system holds only one prior year open in GL, there should not be any unposted transactions, including adjustments, for the previous year when the current year is closed. This is because the current year will then become the prior year and the year that was the prior year before the close will no longer be available for posting that data.

NOTE: No one else should be accessing any modules through the company while performing FYE closing in General Ledger. To help ensure that no one accesses the company being closed, AccountMate recommends that all users exit AccountMate before FYE closing is performed in GL.

**Subsidiary Modules linked to General Ledger**
The year-end closing process for these modules involves only closing the last period and the system will advance to the next fiscal year automatically. No data will be purged unless a purge date is entered. As in normal monthly closing, some of the data will be moved to history files for retention as long as needed. Most businesses keep several years of data as long as the computer's hard disk space allows for it.

**Lock your January 2012 fiscal period**
Every year we have a few clients who call because someone has typed in the wrong year in a transaction and it posted 12 months back.  The best (and simplest) way to prevent this is now to lock January 2012.

In General Ledger, head to Housekeeping > Posting Period Restrictions. Check the boxes for each module to restrict posting in that period.  You can also use this during the year to keep transactions from hitting periods that have already been audited and approved - and you can always unlock the period if you really have to.

## AccountMate's Year-end Closing Procedures

Click on the following topic links for detailed instructions:

- Year-End Closing Procedures
- Period-End Closing Prodedures in AccountMate 7 and AccountMate 8
- Reconciling Inventory Balances with Physical Count Results
- Year-End Closing Tech Tips
- Common Closing Errors

**AccountMate FAQs on Year-end:**

*Q: My current fiscal year is 2012; however, I have posted transactions for fiscal year 2013 in the subsidiary (non-GL) modules. I performed Transfer Data to GL from these modules. Can I generate financial statements for fiscal year 2013?*

A: In AccountMate 7 & 8 for SQL/Express and AccountMate 6.5 for SQL/MSDE, you can generate the Balance Sheet and Income Statement for the future fiscal year. In AccountMate 6.5 and 7 for LAN, use the GL Account Listing or Trial Balance.

**Note:** AccountMate doesn't roll forward the current year account balances (e.g. 2012) until the fiscal year is closed. This means that the figures you see for the next fiscal year (e.g. 2013) in any of the aforementioned reports do NOT yet include any balances left over from the current fiscal year.

*Q: After posting a prior year-end adjustment, do I need to re-close the fiscal year?*

A: Absolutely not. When you post a prior year-end adjustment that involves Income Statement accounts, AccountMate automatically adjusts the Retained Earnings Account's current year beginning balance. If the prior year-end adjustment involves Balance Sheet accounts (e.g. liabilities or assets), the balances are carried over to the current year.

Q: When I attempted to record a transaction in a subsidiary module, I received a message, "Cannot continue with this function. Year/Period-End Closing function is in process." How do I proceed?

A: This message is generated either if Fiscal Year-End Closing or Period-End Closing is still going on or if either process was attempted but failed. If the process failed, access the Data Manager function from the Utilities menu and enter the Supervisor password; then, mark the Release Period-End Closing Lock checkbox and click Process. Be sure to restore the backup made before period-end or fiscal year-end closing before you resume data entry.

Q: I must have financial statements for the new year so I must close the current fiscal year; however, I have not yet received my last bank statement of the year. How can I reconcile my bank account if I have already closed the month for which I receive the bank statement?

A: You can perform bank reconciliation at any time. It is not necessary to wait for the current month's statement to arrive before closing the period. Any transactions that must be posted to GL can be dated in any prior period as long as that period is not restricted for posting.

Q: Why do I encounter the message, "xxx.xx amount has been transferred to Retained Earnings" when I perform Transfer Data to GL or Period-End Closing?

A: The message indicates that expense or revenue transactions recorded during the current period were assigned prior year posting dates. In keeping with proper accounting procedures these transactions are transferred to the Retained Earnings account as adjusting entries.

**Contact list**

You can contact any Purtill & Company employee by using the employee's first name and our company email location.  Or, just click the employee's name below.  So, for John, the email address would be john@purtill.com.

| | |
|---|---|
| John Purtill | Financial and tax planning, business software, business planning, IRS problems, family businesses. |
| Edwin Monteiro | Business software, financial and tax planning, financial statements, tax returns, client accounting. |
| Ardiana Adili | Financial and tax planning, financial statements, business planning, IRS problems, restaurants, client accounting, family businesses. |
| Gretchen Fredericks | Administration, client accounts, collections. |

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